

MEMORANDUM OF UNDERSTANDING (“MOU”)

Regarding the Environmental Assessment for the proposed Blackwater Gold Project (“the Project”)

between

Her Majesty the Queen in Right of the Province of British Columbia as represented by the Environmental Assessment Office (“EAO”)

and

Her Majesty the Queen in Right of Canada as represented by the Canadian Environmental Assessment Agency (“the Agency”)

and

Ulkatcho First Nation, as represented by Chief and Council (“Ulkatcho”)

and

Lhoosk’uz Dené Nation, as represented by Chief and Council (“Lhoosk’uz Dené”)

(each a “Party” and, collectively, the “Parties”)

Purpose

- 1) The Parties have created this MOU in recognition of Ulkatcho and Lhoosk’uz Dené’s asserted Aboriginal rights and interests, including title (“Aboriginal Interests”) and to facilitate collaboration on the respective provincial and federal processes. The purpose of this MOU is to deliver an effective, transparent, and rigorous environmental assessment that, guided by the principles and commitments outlined below, effectively assesses the potential adverse effects of the Project on the interests of Ulkatcho and Lhoosk’uz Dené while meeting the respective statutory and legal obligations of EAO and the Agency.

Principles

- 2) **Government-to-Government relationship** – The Parties recognize the importance of their relationship and government-to-government basis for discussions, including their respective accountability to their constituents.
a) Collaboration within the environmental assessment (the “EA”) process for the Project can facilitate EAO and the Agency’s constitutional duty to consult and accommodate Ulkatcho and Lhoosk’uz Dené’s Aboriginal Interests”. However, the focus of collaboration will be working together on a government-to-government basis.

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- b) Participation in the EA by Lhoosk'uz Dené and Ulkatcho should not be construed as endorsing or supporting the Project.
 - c) The Parties recognize that issues may arise that could exceed the scope of the EA, or the mandate of either the EAO or Agency. The Parties will be open to exploring approaches or discussions that may necessitate broader government-to-government involvement. Where other government-to-government processes are established, they will be informed by the activities of each, and feedback mechanisms will exist between them.
- 3) **Living document** – The Parties will treat the MOU as a living document. They may incorporate new collaboration ideas into the MOU if and as they arise and are agreed to by the Parties.
 - 4) **Mutual accountability** – The Parties take responsibility to participate and advance decision-making in a timely fashion. The Parties agree that an assessment should be robust, rigorous, predictable, timely, credible, and support durable decisions. The Parties will respect and seek to inform mutual decisions and timelines recognizing each government has decisions to make and decision-making processes to follow relating to the Project. The EAO and Agency must operate within their existing policy and legislation frameworks.
 - 5) **Interest-based** – The Parties will avoid taking positions and will attempt to resolve issues in an interest-based manner, where possible.
 - 6) **Transparency** – The Parties value collaborative processes that are clear, neutrally administered, transparent and predictable; where information is shared and made publicly available; and where decision-makers consider a range of information, including traditional, cultural, economic and scientific knowledge.
 - 7) **Fairness** – The Parties agree that the following matters will inform the process outlined in the MOU: constitutional obligations to Ulkatcho and Lhoosk'uz Dené, third party interests, sufficiency of information, and administrative fairness.
 - a) The Parties will ensure that the proponent of the Project, New Gold Inc., has access to and opportunity to respond to issues affecting the assessment of the Project.
 - b) Where additional information identified is not available in a timeframe to allow the information to be adequately considered during the EAO's Application review stage and the Agency's technical review stage, the Parties will work toward developing consensus recommendations on requests for timeline extensions or suspensions, or consensus recommendations for alternative approaches to address the limited information or analysis.

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- 8) **Collaboration and consensus-seeking** – Different levels of collaboration may be required for the following steps in relation to the EA for the Project:
- a) The Parties collaboratively draft those sections of the EAO's Project Assessment Report (the "Assessment Report") and the Agency's Environmental Assessment Report ("EA Report") relating to the effects to Ulkatcho and Lhoosk'uz Dené's Aboriginal Interests;
 - b) The Parties collaboratively draft and work toward consensus on proposed EA conditions (should they be issued) related to addressing impacts to Ulkatcho and Lhoosk'uz Dené's Aboriginal Interests. Subject to agreement, the Parties will include New Gold Inc., key working group members, and government agencies as appropriate and available to participate in discussions;
 - c) Work toward development of consensus conclusions in the Assessment Report and EA Report on:
 - i) Project-related impacts on Ulkatcho and Lhoosk'uz Dené's Aboriginal Interests; and
 - ii) the adequacy of consultation and accommodation with Ulkatcho and Lhoosk'uz Dené;
 - d) Where the Parties are unable to reach consensus, the Parties will ensure any non-consensus views are clearly and fairly articulated in decision materials for statutory decision makers;
 - e) Other collaborative opportunities may include:
 - i) regularly scheduled (bi-weekly) collaboration meetings;
 - ii) community meetings;
 - iii) specific working group or sub-working group structures, as needed; and
 - iv) meetings with other First Nations involved in the EA.
- 9) **Ongoing involvement** – Effective, meaningful and ongoing participation of Ulkatcho and Lhoosk'uz Dene can be explored within EA decision-making, and opportunities appropriate to the nature of potential impacts to each of Ulkatcho and Lhoosk'uz Dene's Aboriginal Interests. The Parties will establish a work plan regarding such opportunities.
- a) The Parties will consider ongoing roles for Ulkatcho and Lhoosk'uz Dené in monitoring within Ulkatcho and Lhoosk'uz Dene's traditional territory.

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Chief Betty Cahoose
Ulkatcho First Nation

Signed on 03 day of Oct, 2016



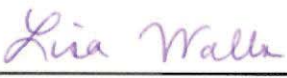
Chief Liliane Squinas
Lhoosk'uz Dené Nation

Signed on 3 day of Oct, 2016



Michelle Carr, Assistant Deputy Minister
Environmental Assessment Office

Signed on 3rd day of Oct., 2016



Lisa Walls, Regional Director
Canadian Environmental Assessment Agency

Signed on 3rd day of October, 2016